

FISCAL OVERVIEW

Commission for Children & Families

November 3, 2014



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www.First5LA.org

Agenda

- Revenue & Expenditures: Past, Present & Future
- Fund Balance: How much is committed?
- Conclusion



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Revenue & Expenditures: Past

- Spending is slow during First 5 LA's early years. FY01-02 revenue is \$164.2 million and spending is \$32.2 million
- Underspending leads to accumulation of Fund Balance over the next several years
- Annual spending outpaces revenue in FY08-09
- By FY12-13, expenditures increase to \$200.1 million—more than double the total annual revenue of \$93.9 million—requiring us to rely on Fund Balance

red started go up



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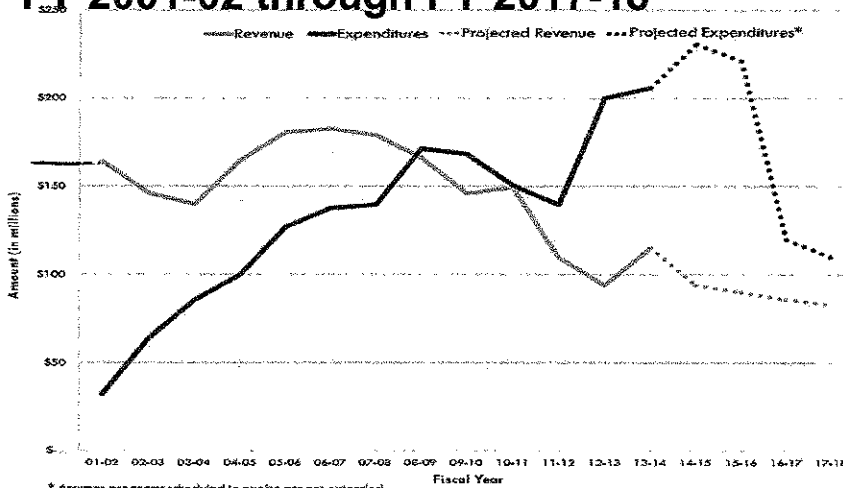
Revenue & Expenditures: Present & Future

- Today, the FY14-15 budget includes \$240.6 million, while total revenue is estimated at \$94.1 million
- Internal projections show Prop 10 tax revenue declining by approximately 15% over the next six years, from \$90.3 million (FY13-14) to \$76.9 million (FY19-20)



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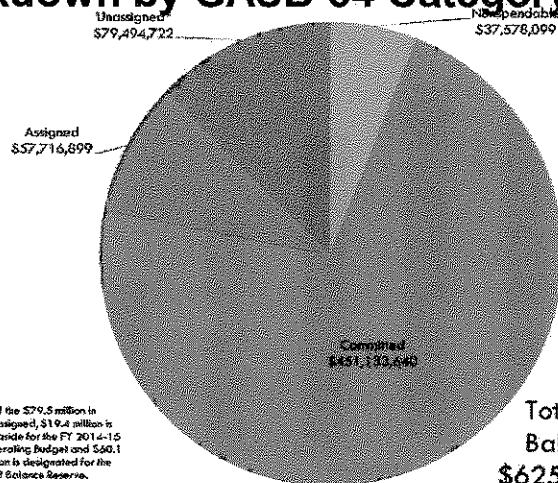
Revenue vs. Expenditures: FY 2001-02 through FY 2017-18



Revenue coming in

Bottom current level of operations is sustainable

Fund Balance: FY 2013-14 Breakdown by GASB 54 Category



* Of the \$79.5 million in Unassigned, \$19.4 million is set aside for the FY 2014-15 Operating Budget and \$60.1 million is designated for the Fund Balance Reserve.

Total Fund Balance =
\$625,923,360

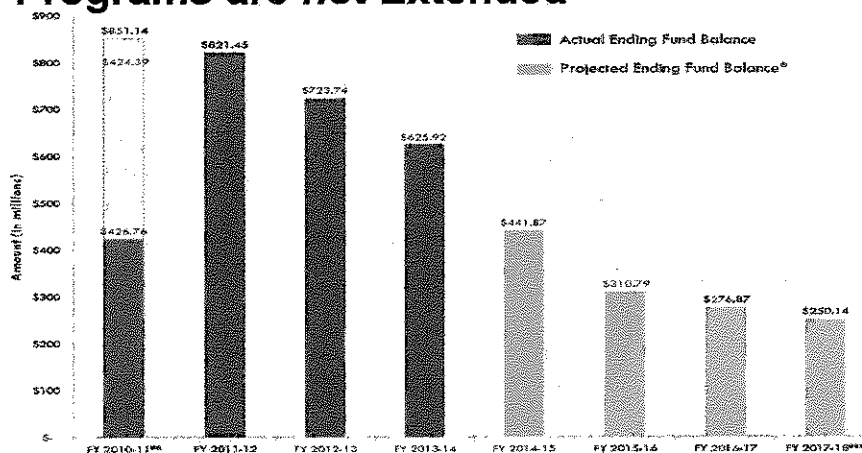
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Fund Balance

- July 2014 beginning Fund Balance was \$625.9 million
- Of the total \$625.9 million, \$451.1 million, or **72%**, is **committed** to Commission-approved multi-year allocations and zero-based appropriations
- Total **Fund Balance is projected to decrease to \$250.1 million (60%)** by June 2018, assuming programs scheduled to expire are not extended



Fund Balance: Future Outlook Assuming Programs are *not* Extended



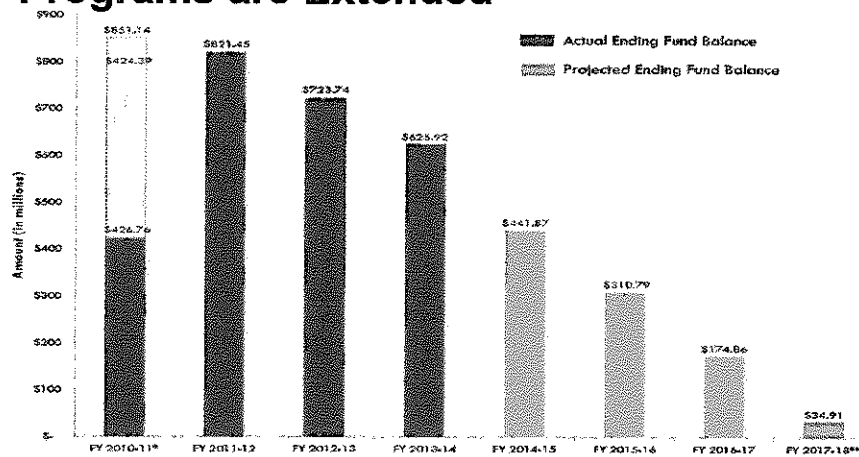
* Assumes programs scheduled to expire are not extended.

** FY 2010-11 fund balance was lower due to an AB 99 liability of \$424.39 million which was returned to net assets in FY 2011-12.

*** Note that funds must be available from this balance for FY 2018-19 First 5 LA operations and the Fund Balance Reserve.

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Conclusion

- LTFP shows a stark picture of spending continuing to exceed revenue —maintaining this rate of spending is unsustainable
- LTFP makes clear the fiscal imperative to transition to a sustainable spending portfolio and to “live within our means,” aligning annual spending with annual revenue

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